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New interactive pension statement is first of its kind

Find out how you can benefit
from this new online service **PAGE 2**



KIM MACDONALD, a kindergarten teacher in Ottawa, uses her new interactive statement to find out when she can retire.

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Find out what you can do at *iAccess*.

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May 26, 2004

University of Toronto
Serials Section
Toronto, ON M5S 1A5

Dear University of Toronto:

Here is a replacement issue of *Pensionwise* that includes news of the federal government's suspension of proposed limits on income trust funds. This newsletter replaces the summer issue you received just before the government announced the suspension on May 18. The earlier issue, which was not distributed to teachers, was mailed to only a handful of people on our advance mailing list.

If you have any questions about the newsletter, please feel free to call me at 416-730-5351.

Debra Hanna
Manager, Pension Communications

Register now for new interactive pension statement

We have just launched what we believe to be the first interactive pension statement of its kind in the world.

You now can access your own statement, packed with current information, any time you want, provided you're registered for *iAccess*, our secure member website.

The interactive statement contains all the information found in the printed summary you receive every October plus many other features, including:

Teacher KIM MACDONALD finds out what her pension is worth at *iAccess*.



PHOTOGRAPHY: NIGEL DICKSON

- a tool to calculate your own pension estimates;
- personal messages alerting you to missing information;
- an opportunity to update your personal profile; and
- an audio tour of the statement highlights.

The statement is secure, convenient, and easy to access and use, said Rosemarie McClean, vice-president, Member Services.

"We've pioneered a new concept in pension statements by turning an annual document into a fluid, interactive experience for teachers," she said.

In addition to being a retirement planning tool, the statement gives you a snapshot of the pension benefits you can expect to receive if you leave the plan before retirement.

The interactive statement also alerts you to missing or inaccurate personal information, such as a wrong mailing address or missing date of birth, to help you keep your pension record current.

"I encourage all members to test drive their own online statement," Rosemarie said.

To access the statement, you must be registered for *iAccess*. Registration requires only five minutes and an active e-mail account. To register, call 416-226-2700 or 1-800-668-0105, weekdays from 8 a.m. to 5:30 p.m., or visit our website at www.otpp.com. ■

Ten reasons to switch to online statement

- 1 Access up-to-date pension information any time.
- 2 Get what you need – quickly and easily.
- 3 Update your personal profile on-the-spot.
- 4 See how much your pension is worth if you leave the plan before retirement.
- 5 Get pension estimates for different retirement dates.
- 6 Learn more about survivor benefits.
- 7 Listen to an overview of the statement contents.
- 8 Review details of outstanding payments.
- 9 Save trees and money.
- 10 Print a paper copy, if you want.



HERE'S WHAT ELSE YOU CAN DO ONLINE AT iACCESS



- Use our pension calculator to see when you can retire, based on various what-if scenarios.
- Retrieve personal pension correspondence, complete with signatures, in your own secure electronic in-box.
- Watch presentations on survivor benefits and buyback options on iAccess TV.
- Get buyback estimates and purchase credit for a leave of absence.

Death benefits can be paid to former spouse

You now can arrange for your former spouse to receive a portion of your death benefit if you die after retirement.

In the spring issue of *Pensionwise*, we explained a court decision that paved the way for former spouses to receive pre-retirement death benefits.

Extending that same treatment to post-retirement death benefits gives you even more opportunity to use pension benefits to equalize family property.

The assignment must be made, before you retire, in either a separation agreement or a court order.

The amount available for assignment will depend on whether you have another eligible spouse at retirement and whether your estate is eligible for a G-10 payment. In any event, the death benefit paid to a former spouse can represent no more than 50 per cent of the benefit accrued during the marriage.

If you are negotiating a separation agreement, seek legal advice on how this new development could affect you. ■

Pension statement FAQs

Q: When will I get my annual pension statement?

A: You should receive your *Personal Statement of Pension Benefits* by the end of November. If you register for iAccess, you can access an interactive statement right now. (See page 2 for more information.)

Q: Why isn't my spouse listed as my beneficiary?

A: Your spouse normally should not be listed as your beneficiary. An eligible spouse has an automatic, legal entitlement to survivor benefits. Your beneficiary comes into play only if you have no eligible spouse and you die before your pension starts. If you designate your spouse as beneficiary, you lose the opportunity to name who should be next in line for benefits after your spouse.

Q: How do I change the beneficiary named on my statement?

A: To update your beneficiary, complete, sign and return (by mail or facsimile) the *Designating a Beneficiary* form enclosed in your statement package.

Q: What is the difference between credit and qualifying years?

A: Credit is the actual number of days, months and years of teaching used to calculate the amount of your pension. Qualifying years are the number of school years in which you've taught for at least a portion of the year. Qualifying years, combined with your age, determine when you're eligible to receive an unreduced pension. Since 1997, you have received one qualifying year for every school year in which you worked for more than 10 days. However, if the first or last year of your teach-

ing career is a partial year, you will receive qualifying service for the portion of the year worked. For instance, if you retired in January, you would receive a half-year of qualifying service for that teaching year.

Q: Why has my best-five years' salary dropped since I began supply teaching?

A: The rate of pay for occasional teaching can be significantly less than the rate for a part-time contract. Both rates of pay are used to determine your annualized salary for the school years in which you supply teach and work on contract. Although the extra days of supply teaching increase your credit, they might reduce your average best-five years' salary and result in a smaller pension if you are close to retirement.

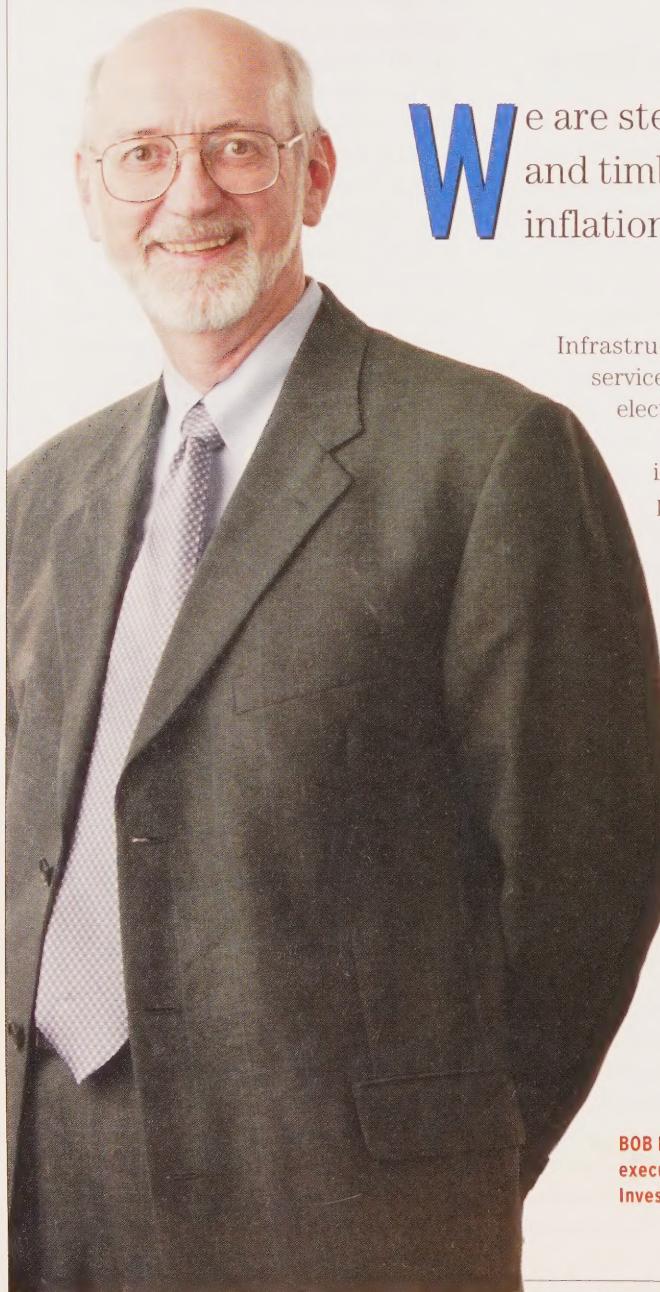
Q: Why didn't I receive a full qualifying year for purchasing my part-time leave-of-absence?

A: When you buy back service, you receive qualifying credit for the actual time you purchase. For example, if you are a half-time teacher and you take a one-year leave of absence, you will receive .5 years (one-half year) of qualifying credit and .5 years of actual credit if you buy back all of your leave. It is important to note that if you teach more than 10 days in the same year as the leave, you will receive a full qualifying year.

Q: I work on a part-time contract. Why is my annual rate, shown on my statement, higher than my actual salary?

A: Your actual salary is what you earned. Your annual rate is your equivalent full-time rate of pay. ■

Infrastructure an ideal investment for indexed pensions



BOB BERTRAM,
executive vice-president,
Investments

We are stepping up our investments in infrastructure and timber, which provide stable returns linked to inflation—an ideal match for the pension plan.

Infrastructure includes essential services, such as highways, water, electricity, airports and pipelines.

“The best infrastructure investments for pension plans are price-regulated monopolies. Typically, they provide a highly certain rate of return tied to inflation. This makes them a good match to the plan’s benefits because teachers’ pensions are inflation-protected,” said Bob Bertram, executive vice-president, Investments.

We began investing in infrastructure and timber about three years ago when looking for new long-term assets. Today, more than \$2.3 billion, or

about three per cent of the fund, is invested in assets ranging from the international airport in Sydney, Australia, to a high-voltage electricity transmission system in Alberta.

PLANS WIN BID FOR U.K. PIPELINES

In late August, we teamed up with Borealis Infrastructure, an arm of OMERS, to acquire a 50 per cent combined stake in a British gas distribution network. We each invested \$655 million in the \$7.5 billion Scotland and South of England gas pipeline networks. Scottish and Southern Energy PLC purchased the remaining 50 per cent stake, while the rest of the deal was funded with debt.

“Most of our infrastructure investments are outside Canada because that’s where we are finding good opportunities. In this instance, for example, there is a sophisticated and transparent regulatory framework in the U.K. gas sector,” Bob said.

The U.K. network, comprising about 73,000 km of gas mains, delivers fuel to 5.6 million industrial, commercial and domestic consumers in Scotland and southern England. ■



Plan targets energy sector

The energy sector will help pay your pension in the future.

In anticipation of increased demand for energy, we have a major strategic investment in oil and gas, coal, hydroelectric power and alternative forms of energy.

The fund's largest equity investment, valued at close to \$1 billion, is in Nexen,

a Canadian oil and gas company with operations throughout the world. The second largest equity holding is Fording Canadian Coal Trust, valued at more than \$600 million.

"With modern technology, clean burning coal can now produce energy with emissions comparable to gas and it offers a cheap, plentiful source of energy to

meet future demands," said Bob Bertram, executive vice-president, Investments.

In partnership with Sherritt International, we own about 85 per cent of the coal reserves in Canada.

Our investment in electricity production and distribution is also on the rise. Last February, we acquired a 50 per cent interest in Northern Star Generation, which is buying up to 25 power generation facilities in the U.S. for approximately \$978 million. We also have a 25 per cent stake in AltaLink, an international consortium that purchased almost 60 per cent of Alberta's electrical transmission system for \$850 million in 2001.

Investments in alternative energy sources, such as power from windmills, are also being explored. ■

How do our investment results compare to other pension plans?

Our investment team achieved higher one-, five- and 10-year rates of return than the six other major pension plans in Ontario and Quebec.

More importantly, during the past 10 years, the fund beat its composite benchmark, the yardstick that measures our performance against the markets in which we invest, by 1.5 per cent. This 1.5 per cent difference added \$9.1 billion extra to the pension fund. ■

PUBLIC SECTOR PENSION PLANS	RATES OF RETURN*		
	1-year	5-year	10-year
Caisse de dépôt et placement du Québec	15.2	4.1	7.4
College of Applied Arts & Technology (CAAT)	13.3	4.1	N/A
HOOPP (Hospitals of Ontario Pension Plan)	14.9	5.8	8.6
OMERS	12.7	4.3	8.0
Ontario Pension Board	10.9	6.2	9.6
Ontario Teachers' Pension Plan	18.0	7.7	10.0
OP Trust (OPSEU Pension Trust)	17.3	4.6	N/A

* Ending Dec. 31, 2003

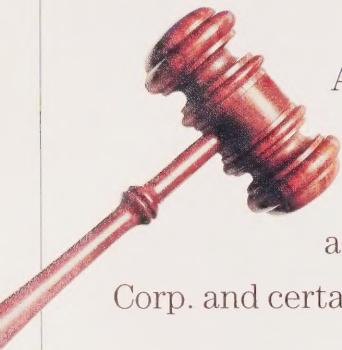
Pension fund finances Parmalat Canada

Y our pension fund has provided \$610 million to refinance Parmalat Dairy & Bakery Inc., suppliers of many of the dairy products you buy every week.

"The financing will enable the Canadian arm of Parmalat to drive forward its business while its parent company, based in Italy, restructures its operations. The Canadian firm is profitable with excellent growth potential," said Jim Leech, senior vice-president of Teachers' Private Capital.

Parmalat Dairy & Bakery Inc. supplies yogurt, butter, cheese and other dairy products to Canadian consumers under its own and other popular names, including Astro, Beatrice, Black Diamond, Balderson and Lactantia. ■

Your pension plan co-leads Nortel class action suit



A U.S. court has selected your pension plan and the State of New Jersey Treasury Department to co-lead a securities class action law suit against Nortel Networks Corp. and certain of its former senior executives.

The class action was launched on behalf of investors who purchased Nortel securities and suffered damages as a result of alleged violations of U.S. securities laws

during Nortel's 2003 and 2004 fiscal years. The suit claims Nortel executives released false and misleading information on the company's financial performance,

artificially inflating its stock price during the period in question.

"All shareholders in public companies rely on accurate disclosure of information to make informed investment decisions. Therefore, we believe companies, executives and directors should be held accountable for their actions," said Bob Bertram, executive vice-president, Investments.

More information is available at www.blbglaw.com, the website of the court-appointed lead counsel for the class.

In similar proceedings, we were appointed earlier this year as co-lead plaintiff in a U.S. securities class action suit against Biovail Corp. and certain of its senior executives. The class action seeks to recover damages caused by the defendants' alleged false and misleading statements during the class period from Feb. 7, 2003 to March 2, 2004. ■

Client satisfaction rises; your opinion counts

Teachers gave us an A+ grade for service – 9.2 of a possible 10 – in client satisfaction surveys conducted during the first six months of 2004.

"We're delighted with the results because we've worked hard to foster an environment where the members' needs always come first," said Rosemarie McClean, vice-president, Member Services.

"The challenge is to keep improving, to find ways to do things better, faster and cheaper."

We measure client satisfaction levels from hundreds of telephone surveys conducted every two weeks by an independent research firm. You may get a

call if you recently contacted the pension plan. Members are also surveyed at random four times a year to assess how well we are communicating through *Pensionwise* and other avenues.

We use the survey results to track our performance and identify areas for improvement. Interviews take about five minutes and are confidential.

"Thanks to everyone who has participated in the surveys and for the vote of confidence in our service," Rosemarie said.

High marks were also attained in the Cost Effectiveness Measurement survey, which rates the performance of major pension plans on attributes ranging from quality of communication materials to

the cost of delivering services. Our service ranked second among 57 plans from around the world in the last survey in 2003.

"We're comfortable with the silver medal because the gold was too expensive to attain. The per-member cost for the top-ranked plan is nearly 2.5 times higher than ours," Rosemarie said. ■



* First six months

Holiday season comes early for up to 5,000 former members

Emma Eyre is saving the \$5,218.51 pension payment she unexpectedly received for a rainy day.

The former teacher, now living near Waterford, had long forgotten about the contribution refund she qualified to receive when she left the pension plan in 1982, following a long-term stint as a supply teacher. Emma, who taught at various elementary schools in Brantford, said she was surprised and delighted when we told her about the funds, which had tripled as a result of interest.

We hope to locate 5,000 other former members, aged 65 or more, who didn't collect contribution refunds when they left teaching, sometimes decades ago.

So far, we have tracked down 2,800 people and paid \$1.3 million in termination benefits. Refunds range from \$15 to a whopping \$31,000, with the average payment pegged at \$562. ■

FAST FACTS

3,440

NUMBER OF TEACHERS WHO RETIRED IN JULY

56

AVERAGE AGE OF A TEACHER AT RETIREMENT

\$40,000

AVERAGE ANNUAL UNREDUCED PENSION FOR A TEACHER RETIRING IN 2003

\$3.2 billion

OUR ANNUAL PENSION PAYROLL

\$700 million

ANNUAL CONTRIBUTIONS COLLECTED FROM TEACHERS

You Asked Us...



Q: Can I remove the value of my pension from the plan if I leave teaching?

A: You can transfer the commuted value of your pension to a locked-in retirement savings vehicle if you quit teaching and notify us of your intention to terminate your membership no later than the month before you turn 50. Before deciding to do this, consult a financial adviser who does not have a vested interest in investing your assets. Pension law requires that your funds be used to provide a retirement income beginning no earlier than age 50.

Q: I just married my same-sex partner. Does he immediately qualify for pension survivor benefits?

A: Your same-sex partner is only entitled to survivor benefits if he has been living with you in a conjugal relationship for at least three continuous years (or less if you are the parents of a child).

Q: Can you explain why the government won't let me contribute to an RRSP this tax year because of improvements made to the pension plan a few years ago?

A: Participation in a pension plan reduces the amount you can contribute to an RRSP. An increase in the Teachers' pension you will receive after age 65 resulted in a slight reduction in your annual RRSP contribution room.

In addition, the improvement created a one-time contribution room reduction. This reduction affected most members only in the last tax year. However, if you made maximum contributions to your RRSP in the past, you may not have enough room this year or even next year to contribute to an RRSP. Check the Notice of Assessment you received from the government after you filed your last income tax return (or any notice you received since then) to see how much you are allowed to contribute. For more information, contact the Canada Revenue Agency at 1-800-959-8281.

Q: Will you offer group benefits, such as dental and health insurance, when I retire?

A: No, by law the money in the pension fund cannot be used for such purposes. Only employers can pay for health benefits from their general revenue.

Q: I'm collecting a CPP disability pension. Can I still contribute to the pension plan?

A: Yes, you will contribute 8.9 per cent of your salary to the pension plan. Normally, you contribute 7.3 per cent of your salary up to an annual limit, plus 8.9 per cent of any salary above the limit. The limit is \$40,500 in 2004. Be sure to let your employer know you are receiving CPP disability benefits so the correct amount is deducted from your pay. ■

Last chance to buy back absence

 You have until the party horns blare on New Year's Eve to pay for credit for an eligible period of absence from work that ended before Sept. 1, 2001. If you miss the 2004 year-end payment deadline, you forfeit the opportunity to purchase the service. Partial payments will buy pro-rated service.

To qualify to purchase the service, you either must still be away from work or you must have returned to work between Sep. 1, 1996 and Aug. 31, 2001.

Payments must be delivered or post-marked by midnight, Dec. 31. If you think you're eligible to purchase service, please contact us. ■

Holiday hours

Client Services will be closed:

All day: Dec. 27, 28, 29 and 30

At 3 p.m.: Dec. 24 and 31

We resume regular business hours on Mon. Jan. 3

Pensionwise™ is published for members of the Ontario Teachers' Pension Plan at a cost of 19¢ a copy.

We appreciate your comments about anything you read in *Pensionwise*. Please contact

Debra Hanna at (416) 730-5351 or 1-877-812-7989, or e-mail: dhanna@otpp.com

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This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.



TEACHERS'
PENSION PLAN

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Annual report wins gold

Our 2003 Annual Report won a gold award at the international ARC Awards in New York in the non-profit/pension fund category. The report was displayed earlier this fall with other gold winners at the Museum of Arts and Crafts in Hamburg, Germany. The report's provocative cover asks: "Who cares about shareholder value?" "I do," a teacher answers inside the report, "because it helps pay my pension." The report is available in the publications section of our website at www.otpp.com. You received a summary version of the publication, *Report to Members*, in the spring. ■

